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HOME AND FOREIGN INTELLIGENCE.

On the Condition and Progress of the German Life Assurance Offices in the Year 1867; being an Article which appeared in No. 881 of the Bremen "Handelsblatt." Translated and abridged by G. W. BERRIDGE, of the London and Provincial Law Assurance Society.

IT appears that the amount of life assurance business transacted in Germany in the year 1867, considerably exceeded that of the previous year, and was also more profitable; for in 1866 it had to contend with both War and Cholera, which not only lessened the new insurances and increased the number of lapses, but also greatly increased the claims. These influences extended in some degree to the year 1867, but the Reports of the Companies have mostly expressed gratification at the results of the year, although the high price of the necessities of life, arising from a partial failure of the harvest of 1866, and a want of confidence in the permanence of the peace of Europe, had acted adversely.

The author of the article (Herr Finanzrath Hopf of Gotha) attributes this spread of assurance, in the first place, to the experience which the German public have acquired, of the practical benefits of assurance; of which the amounts paid for claims by death may be taken as some measure. In the year 1866, almost all the Companies paid claims above the expectation, and some considerably so; and the amount paid by 17 Companies alone in the year 1866 was more than £130,500 in excess of the expectation; the amount paid in the years 1860 to 1867 having been as follows:—

	£	
1860	350,179	Paid in respect of 2,062 deaths.
1861	390,714	" " 2,366 "
1862	411,491	" " 3,063 "
1863	513,462	" " 3,408 "
1864	545,626	" " 3,852 "
1865	633,373	" " 4,553 "
1866	904,695	" " 6,573 "
1867	786,776	" " 5,921 "

From these figures it will be seen how greatly the payments in the year 1866 exceed those in the previous year.

Another reason given for the increase of the business is the greater freedom in the transaction of business, resulting from the removal of many burdensome restraints. The change for the better in this respect, dates from the year 1848, when the local governments began to remove various restrictions, imposed under the idea of protecting the public from fraud. The relaxation has been gradually progressing since that time; and made a marked advance in the year 1867. It is true the founding of new life assurance societies still depends, in nearly all German states, on the permission of the local government; but once founded, it is far easier than formerly to obtain permission to transact business in the other states, Austria alone excepted: and permission once obtained, the transaction of business is less hampered: one especial point being, that the agents no longer need a particular concession running in their names, and any person can now act as an agent without a special government licence.

The activity of the agents has also been greatly stimulated, not only by their increased and still increasing numbers, but by the greatly increased rate of commission allowed: the effects of which are noticeable in previous accounts, and particularly so in those for 1867. It has been found that assurances obtained by the payment of a high rate of commuted commission soon lapse; and an increase of business of such a character is hardly a matter for congratulation; for the cost of management is in some instances so greatly increased, that the profit on the earlier premiums (assuming them to be of moderate amount) no longer suffices to meet it; and consequently a charge on the future is created. Some Offices treat the amount of commuted commissions as a charge to be spread over several years, which is at least an open course, as the balance sheet arranged on this principle shows the amount of such commission which still remains to be written off. Others, however, conceal its amount by deducting it from the reserve, the latter being reduced by various ingenious devices, such as tampering with the net premiums or valuing the policies at a high rate of interest, &c. —a most perilous course when carried to an extreme.

The above-mentioned facilitation of life assurance business has arisen, partly from a less rigorous practice on the part of the government officials, and partly from special decrees of the several governments. But no general statutory (or legal) regulation for

life assurance business has yet been made, either in North or South Germany, or in Austria. The governments of North Germany and Austria have had a general assurance law under consideration for some time; and though no result has been arrived at, the prospect of free action, in the transaction of assurance business, has improved in the course of the year. By the fourth article of the constitution of the North German Confederation, it is enacted that questions as to trade, inclusive of insurance, shall be subject to the control and legislation of the Bund. But unhappily this has not yet been carried into effect. When a bill for the regulation of trade was submitted at the last meeting of the federal assembly, provisions respecting assurance business (with the exception of agency) were not included; but a stipulation was inserted that assurances should remain subject to the local legislatures. It was evident beforehand that such a diminution of the efficiency of the Bund, could not receive the assent of the assembly, and the opposition manifested was so decided, that the bill was withdrawn and an amended bill may be confidently anticipated.

In the meantime it is reported that Prussia will shortly proceed to enact a law for the regulation of assurance; and that a bill, having that end in view, will be submitted to the next Prussian parliament. This would be to act in opposition, if not to the words, at least to the spirit, of that stipulation in the constitution of the Confederation; the object of which is, that assurance business should be withdrawn from diverse regulations in separate states, and placed under a uniform general law for the whole Confederation. As this cannot be misapprehended, either by the Prussian government or house of representatives, it is to be expected that the bill for a general insurance law, will be submitted, not to the local, but to the general Parliament, as part of the trade regulations for North Germany. Should Prussia proceed with a special assurance law of its own, there is great danger that something similar will take place in the other States of North Germany, especially in Saxony, where such strange principles prevail as to fire insurance business; and the difficulty of the introduction of a general law will be still more increased. It is to be hoped that this misleading course of decentralization will not succeed, as the reverse is urgently required for a prosperous and economical developement of assurance business in North Germany.

The annexed table shows the amount of life assurance business (assurance of a capital sum at death) transacted in Germany last year, and its increase on the previous year. Small burial assurances (those under £15) are excluded, when they could be separated. But as they form a considerable proportion of the business of some Companies, their amount is given in a foot note. The Companies named are those situated within the limits of the former Confederation, and in German Switzerland. They are 35 in number, of which—

20	are situated in North Germany,
4	„ South Germany,
9	„ Austria, and
2	„ German Switzerland.

Of these Companies many publish full and well-arranged accounts, from which the particulars given in the various columns of the table, may be accurately obtained. In the accounts of some Companies however, the various kinds of assurance undertaken, are not separated, but life, endowment, annuity, and tontine business are thrown together confusedly, although in unimportant matters the reports are very detailed, as if with the object of preventing an exact insight into their position being obtained. Lastly, a third part, to which the Companies in Trieste belong, publish perfectly useless accounts; which do not permit even an approximately correct view of their position and management. The accounts of several Companies do not appear till twelve months after the close of their financial year, it has therefore been necessary to make general estimates for these Companies, which are based on their earlier accounts and general progress. It is believed that the figures given are pretty near the truth.

The following Table shows that 78,552 persons effected new assurances for £10,009,360 in the course of 1867, inclusive of further insurances on lives already assured. This is a greater amount than that of any previous year, as is shown by the following Table:—

*Development of Life Assurance in the German Companies,
from 1852 to 1867.*

Year.	No. of Companies.	New Business in the course of the Year.		Number and Amount in force at the end of the Year.	
		Lives.	Amounts.	Lives.	Amounts.
			£		£
1852	12	5,236	883,936	46,980	8,635,337
1853	13	5,558	986,846	50,019	9,187,751
1854	14	5,224	883,532	52,816	9,608,429
1855	18	9,366	1,429,796	61,832	10,932,126
1856	18	12,778	1,714,935	71,169	12,061,861
1857	19	13,601	2,027,181	81,348	13,537,740
1858	20	14,645	2,457,314	90,128	15,102,165
1859	20	13,122	2,173,667	101,758	16,570,785
1860	24	24,730	3,738,750	129,589	20,631,342
1861	25	35,246	4,280,386	152,121	23,200,012
1862	26	42,209	5,343,198	183,812	26,491,142
1863	27	47,368	6,534,585	194,818	30,496,015
1864	27	55,357	7,597,445	230,394	35,240,962
1865	30	68,607	8,869,310	280,476	41,642,165
1866	32	55,981	7,611,455	305,433	45,083,948
1867	35	78,552	10,009,361	351,851	50,448,333

Although the practice of life assurance has not increased so rapidly in Germany as in North America, where this branch of assurance, formerly almost wholly neglected, has suddenly received an extravagant increase—in one Company, the Mutual of New York, the new assurances amounted in 1867 to £12,055,457 [in nominal amount, but in reality much less on account of the paper money being considerably below par]—yet it will be seen from the foregoing Table, that the practice of life assurance in Germany increases with a steady growth. Not only do the existing assurances increase, but also the amount of new assurances in each year, the increase of the latter being only interrupted in the years of war 1854, 1859 and 1866.

The number of policies discontinued in 1867 was very large, larger than in the war year 1866. They amounted to £3,909,250 assured on 31,601 lives, whilst in 1866 the amount of the sums assured under discontinued policies was £3,487,160 and the number of lives 25,251. Almost the half of the new assurances were lost again by discontinuance. The next Table shows in what various degrees the Companies suffered this loss. It gives the total amount in force at any time in 1867, (being the amount in force at the beginning of the year, plus the new business,) and the discontinuances from any cause. The Gotha Office had the smallest

proportion of discontinuances, these amounting only to .825 per cent; the highest proportion 12.662 per cent is attained in the Anchor in Vienna. The average amount discontinued in the Companies included in the Table is 5.844 per cent.

Discontinuances in the Year 1867.

Company.	Total Assurances during 1867.	DISCONTINUED.	
		Amount.	Per cent. on Sum Assured.
	£	£	
Gotha.....	8,710,065	71,865	.825
Lubeck	2,967,786	118,815	4.003
Leipzig	2,036,880	61,290	3.009
Hanover	398,205	9,270	2.328
Berlin.....	2,171,213	52,882	2.436
Brunswick.....	139,617	2,325	1.665
Janus (Hamburg)	1,906,859	114,132	5.985
Teutonia (Leipzig)	966,379	101,633	10.517
Concordia (Cologne)	3,651,124	148,724	4.073
Schwerin	206,625	5,325	2.577
Iduna (Halle)	1,055,615	87,792	8.317
Magdeburg	1,593,186	109,046	6.845
Erfurt.....	1,598,929	121,406	7.593
Germania (Stettin)	7,185,546	823,031	11.454
Providentia	977,699	121,196	12.396
Railway Assurance Co....	643,103	75,650	11.763
Munich	453,193	12,866	2.839
Stuttgart	1,801,238	34,097	1.893
Darmstadt	137,928	3,214	2.330
Janus (Vienna)	654,551	56,119	8.574
Anchor (")	2,414,425	305,707	12.662
Zurich	1,353,826	44,564	3.292
Basle	1,090,285	96,949	8.892
Total.....	44,114,277	2,577,898	5.844 } Average }

From the above Table No. (2) it is found that the average amount assured on each life at the end of 1867 was £143, an increase of about £2 over the previous year.

The income received by the German Companies from the 351,851 persons assured, inclusive of interest on their former payments, was £2,024,450; the average receipt from each person was therefore £5.75, which is rather less than that of 1866, when the average receipt was £5.90. The income from premiums and interest was—

In the year 1867 . . . £2,024,450

„ „ 1866 . . . 1,803,250

Increase £221,200 or 12.27 per cent.

The payments on claims by death amounted
in 1866 to . . . £904,695
and in 1867 to . . . 786,776

Shewing a decrease of £117,919 or 13·03 per cent.
And as the number of deaths in 1867 was 5,921, the average amount of each claim was £133, being about £10·5 less than in the previous year.

The year 1867 is the first in which the amount of death claims has been smaller instead of larger than that of the previous year; and this anomaly is explained by the considerable increase in the mortality of 1866, by war and cholera. Whilst in the year 1866 almost all the Companies had paid more for claims by death, than the tables on which their premiums are based led them to expect, the reverse has been the case in 1867, as the next table shews—

Payments for Claims in the Year 1867.

Company.	Expected Amount.	Amount Paid.	DIFFERENCE BETWEEN THE ACTUAL AND EXPECTED LOSSES.			
			More.		Less.	
			Amount.	Per Cent.	Amount.	Per Cent.
	£	£	£		£	
Gotha	191,920	169,665	..	..	22,255	11·596
Lubeck	46,010	46,216	206	·447	..	..
Leipzig	38,968	32,220	..	..	6,748	17·316
Hanover	10,757	10,680	..	..	77	·715
Janus (Hamburg).....	26,572	30,646	4,074	15·329	..	..
Teutonia (Leipzig)	10,262	6,766	..	..	3,496	34·068
Concordia (Cologne) ..	43,934	40,249	..	..	3,685	8·388
Iduna (Halle)	11,834	13,654	1,820	15·383	..	..
Magdeburg	17,773	14,201	..	..	3,572	20·099
Erfurt	16,566	19,955	3,389	20·459	..	..
Germania (Stettin)	70,952	71,320	368	·518	..	..
Providentia (Frankfort)	10,289	9,457	..	..	832	8·080
Railway Assurance Co.	5,962	6,743	781	13·099	..	..
Prussian Life Assurance	2,023	750	..	..	1,273	62·930
Friedrich Wilhelm	2,742	1,222	..	..	1,520	55·418
Nordstern.....	1,557	1,335	..	..	222	14·258
Munich	8,622	9,240	618	7·173	..	..
Stuttgart	24,590	19,086	..	..	5,504	22·386
Darmstadt	2,110	1,483	..	..	627	29·712
Janus (Vienna)	17,973	13,414	..	..	4,559	25·366
Anchor (Vienna)	33,596	32,713	..	..	883	2·629
Zurich	18,856	17,422	..	..	1,434	7·606
Basle	8,112	6,214	..	..	1,898	23·398
	621,980	574,651	11,256		58,585	

According to this table £58,585—£11,256=£47,329 less than the expected amount, was paid in the year 1867 by these Companies; but in 1866 on the contrary, the actual payments exceeded the expectation by £115,625. This excess has therefore been partly compensated by the more favourable mortality of 1867, though not to the extent of one half.

Turning now to the general table given at the end of this article, we find a column showing the cost of management, and the proportions which it bears to the amount assured, and to the yearly income. Both of these proportions show great variations; the ratio of the cost to the income ranging between 4·8 per cent (Gotha) and 40·12 per cent (Basle); or, when compared with the amount assured at the end of the year, between 2·22 per mille and 14·01 per mille; which rates are shown by the same Companies.

It follows from the nature of the case, that in young Companies, of as yet small extent, the expenses should assume a higher ratio than in the older ones; but there are among the latter not a few, in which the expenses are so large, that they do not appear to be covered by the loading of the premiums. On account of imperfect information, the cost of management of many companies could not be stated at all, or not with the accuracy to be desired. As regards the Companies in Schwerin, Stuttgart, Darmstadt and the Anchor, it is also left out; because in addition to life assurance they carry on other business of considerable extent, to which the expenses, given in the published accounts, extend.

This time also, as in 1866, the Directors' fees and Managers' salaries have been added to the expenses of management, and also the sinking fund for the year, for the expenses of formation and earlier management.

The assets given in the next column consist of the actual amount of funds attained by the assurance business of each Company—including reserve, surplus if it exists, and provision for liabilities incurred but not yet discharged.

These assets amounted at the end of

1867 to £6,779,218

1866 to 6,154,073

Increase in the year . . . 625,145 or 10·16 per cent.

To state in a few figures the progress of life assurance in Germany in the last five years, it appears from this and the similar

statements issued in former years, that the increase per cent from year to year, (with the exception of claims, which have decreased in the last year) has been as follows:—

	1863.	1864.	1865.	1866.	1867.
In the Number Assured .	15·83	18·26	18·65	8·59	13·20
„ Sum Assured .	14·85	15·56	15·32	7·68	11·77
„ Yearly Income .	15·29	12·87	14·88	11·58	12·27
„ Claims . . .	24·78	6·26	16·08	42·84	13·03
„ Assets . . .	12·21	9·32	11·83	7·09	10·16

[*Remarks relating to the general table.*]

The figures marked * rest upon approximate estimates. All the others are taken from official accounts. In the figures marked † are included the amounts arising from Annuity, Endowment, and Tontine business; as they cannot be separated from the life assurance business proper: they are however of no great importance.

Besides these life assurances proper, the following Companies have granted burial assurances:—

Lubeck	£5,717
Teutonia	181,701
Schwerin	407
Iduna	400,523
Magdeburg	88,585
Thuringia	74,586
Germania	186,806
Prussian	1,883
Friedrich Wilhelm	13,162
Nordstern	13,405
	<hr/>
	£966,775

Business and Position of the German Life

	COMPANY.	Estab- lished.	Assurances existing at the beginning of the Year.		New Assurances during the Year.		Assurances existing at the end of the Year.		Income from Premiums, Interest, &c.	
			Persons.	Amount.	Persons.	Amount.	Persons.	Amount.		
				£		£		£		
1	Gotha.....	1827	29,563	7,952,160	2,377	757,905	31,029	8,464,770	391,214	1
2	Lubeck	1828	20,412	2,568,800	3,272	393,986	22,386	2,801,345	102,197	2
3	Leipzig	1830	9,734	1,641,960	2,033	394,920	11,195	1,941,870	83,454	3
4	Hanover.....	1830	3,475	365,250	326	32,955	3,620	378,255	15,682	4
5	Berlin.....	1836	10,110	1,961,318	1,116	209,895	10,702	2,072,640	100,358	5
6	Brunswick.....	1842	1,468	134,652	53	4,965	1,464	134,357	5,625	6
7	Frankfort-on-the-Main	1844	4,920	795,138	700*	120,000*	5,324	875,921	37,787	7
8	"Janus" (Hamburg)	1847	13,810	1,696,859	1,500*	210,000*	14,535	1,790,406	68,177	8
9	"Teutonia" (Leipzig)	1852	7,189	566,304	5,619	400,075	11,304	857,402	33,750*	9
10	"Concordia" (Cologne)	1853	11,800*	3,169,077	2,142	482,046	12,800*	3,462,850	126,000*	10
11	Schwerin	1853	757	162,750	341	43,875	1,034	199,695	6,251	11
12	"Iduna" (Halle)	1854	{ 8,369 Policies.	794,134	{ 3,271 Pols.	261,482	{ 10,356 Pols.	953,404	54,646†	12
13	Magdeburg	1856	9,711	1,278,870	{ 2,780 Pols.	314,316	11,409	1,473,545	51,177	13
14	"Thuringia" (Erfurt)	1856	8,942	1,378,801	{ 1,445 Pols.	220,128	9,425	1,456,293	44,122	14
15	"Germania" (Stettin)	1857	58,335	5,772,421	{ 19,300 Pols.	1,416,041	67,792	6,291,195	226,916†	15
16	"Providentia" (Frankfort) ..	1857	4,609	777,610	1,337	200,089	5,091	846,468	28,219	16
17	"Railway" Assurance (Berlin)	1861	{ 3,744 Policies.	464,583	{ 1,146 Pols.	178,519	{ 4,292 Pols.	560,260	18,399	17
18	"Prussian" (Berlin)	1865	{ 764 Policies.	145,087	{ 1,450* Pols.	189,000*	{ 1,783 Pols.	280,896	10,680†	18
19	"Friedrich Wilhelm" (Berlin)	1866	?	?	2,500*	412,500*	2,291	376,732	12,000*	19
20	"Nordstern" (Berlin)	1867	..	..	{ 2,627 Pols.	344,645	2,562	316,336	22,366†	20
	Total I		207,712	31,625,774	55,335	6,592,342	240,394	35,534,640	1,439,020	
21	Munich	1836	3,333	431,560	105	16,633	3,262	430,959	17,126	21
22	Stuttgart	1854	7,150	1,458,665	1,673	342,574	8,530	1,747,798	76,404	22
23	Darmstadt.....	1855	1,855	130,243	94	7,684	1,884	133,230	5,523	23
24	"General Annuity" (Stuttg.)	1861	{ 901 Policies	114,482	{ 554 Pols.	56,313	{ 1,398 Pols.	160,640	5,700*	24
	Total II		13,239	2,139,950	2,426	423,204	15,074	2,472,627	104,753	
25	"Janus" (Vienna)	1839	11,293	571,804	1,112	82,748	11,128	585,228	24,629	25
26	"Anchor" (Vienna)	1858	10,579	2,105,633	{ 2,205 Pols.	308,792	10,590	2,075,206	79,500*	26
27	Generali, Azienda and Rionione in Trieste as well as the first Aus- trian Assurance Company (now the Donau) the Austrian Gresham, Phoenix and Patria in Vienna, together about.....		60,000*	7,050,000*	14,000*	1,800,000*	64,000*	7,500,000*	300,000*	27
	Total III.....		81,872	9,727,437	17,317	2,191,540	85,718	10,160,434	404,129	
28	Zurich	1857	5,998	1,151,552	{ 1,074 Pols.	202,274	6,665	1,291,580	42,000	28
29	Basle	1865	2,000*	490,285	2,400*	600,000*	4,000*	989,052	34,548	29
	Total IV.....		7,998	1,641,837	3,474	802,274	10,665	2,280,632	76,548	
	Total I. II. III. and IV.....		310,821	45,134,998	78,552	10,009,360	351,851	50,448,333	2,024,450	

Assurance Companies in the Year 1867.

	Claims paid.		Expenses of Management.			Assurance Fund.				Average Bonus for the last 10 Years. Per Cent. on Premiums.	Share Capital.		
	Per-sons.	Amount.	Actual.	Per Cent on Annual Income.	Per Mille on Amount Assured.	Total. Amount.	Per Cent. on Sum Assured at the end of the Year.	Reserve.	Surplus.		Nominal.	Paid-up.	
		£	£			£		£	£		£	£	
1	648	169,665	18,791	4.80	2.22	2,197,089	25.96	1,743,320	408,928	33.9	Mutual	76,500	1
2	337	46,216	12,000*	11.74	4.28	366,226	13.07	349,748	16,479	0.397 } On sum ass. }			2
3	188	32,220	9,016	10.80	4.64	381,915	19.67	320,005	51,888	27.6	Mutual	150,000	3
4	105	10,680	1,758	11.21	4.65	64,998	17.18	56,492	4,691	None			4
5	262	45,525	9,706	9.67	4.68	568,235	27.42	476,980	77,508	16	Mutual	25,714	5
6	38	2,935	368	6.54	2.74	32,922	24.50	?	?	?			6
7	98	12,060	3,837	10.15	4.38	160,901	18.37	155,270	5,630	10.6	Mutual	75,000	7
8	241	30,646	9,172	13.45	5.12	200,969	11.22	195,301	5,667	10½			8
9	116	6,766	9,039	26.78	..	50,184+	..	Dr. 72,338+	None	None	1,500,000	300,000	9
10	181	40,249	?	?	?	586,534+	16.94	426,886+	151,349+	None			10
11	9	1,605	?	?	?	30,724	15.39	15,857	5,596	51½	15,000	15,000	11
12	154	13,654	11,673	21.36	..	121,151+	..	113,122+	None	14 } (1 year.) }	Mutual	296,100	12
18	156	14,201	10,629	20.77	7.21	111,642	7.58	106,046	2,580	None			13
14	130	19,955	8,250*	18.70	5.67	81,682	5.61	78,365	None	None	336,450	67,290	14
15	802	71,320	43,796	19.30	6.96	382,122+	6.07	368,683+	13,439+	None	450,000	90,000	15
16	79	9,457	6,000*	21.26	7.09	55,802	6.59	55,802	None	None	685,714	68,803	16
17	63	6,743	3,750*	20.38	6.69	36,517	6.52	25,186	6,385	None	112,500	22,500	17
18	5	750	3,100	29.03	11.04	8,590+	3.06	6,774+	1,706+	None	150,000	30,000	18
19	9	1,222	?	?	?	8,059	2.14	13,479	None	None	150,000	37,950	19
20	6	1,335	6,917	30.93	..	11,378+	..	11,909+	None	None	187,500	37,500	20
	3,627	537,204	..	..	..	5,457,640	..	..	..	..	..	..
21	73	9,240	?	?	?	88,120	20.45	73,562	13,169	None	Capital of the Loan Bank.	Mutual	21
22	92	19,086	?	?	?	251,927	14.41	177,746	64,882	39.7 } (9 years.) }			22
23	36	1,483	?	?	?	23,355	17.53	18,649	4,707	None	Capital of the Annuity Society.	Mutual	23
24	?	?	?	?	?	16,612	10.34	13,759	2,854	16 } (6 years.) }			24
	201	29,809	..	..	..	380,014	..	..	..	..	..	..
25	280	13,414	?	?	?	103,643	17.71	84,437	19,206	14½	Mutual	99,999	25
26	193	32,713	?	?	?	164,294	7.92	151,157	13,137	None			26
27	1,500*	150,000*	?	?	?	570,000*	..	?	?	..	..	..	27
	1,973	196,127	..	..	..	837,937	..	..	..	..	..	..
28	96	17,422	3,418	8.14	2.65	72,000*	5.57	62,196	9,000*	None	Capital of the Swiss Credit Co.	351,600	28
29	24	6,214	13,860	40.12	14.01	31,627	3.20	30,841	None	None			29
	120	23,636	..	..	..	103,627	..	..	..	..	..	..
	5,921	786,776	..	..	..	6,779,218	..	..	..	..	..	..

LONDON AND PROVINCIAL LAW ASSURANCE SOCIETY.

BONUS REPORT, 1865.

The period for the Third Division of Profits having arrived, the Directors have caused a careful investigation to be made into the Society's affairs, and they have the pleasure to report to the Proprietors and the Assured its results.

The Society has now completed twenty years of its existence. The Directors take the opportunity to make some general remarks on its operations in that period; and, adverting first to the new business, they desire to call attention to the progress of the Society in the intervals preceding the three periodical valuations, directing attention to the fact that, in accordance with the provisions of the Deed of Settlement, ten years elapsed before the first Division of Profits was made.

The New Premiums received in the three periods have been as follows:—

Term.	New Premiums received.			Average per Annum.		
	£	s.	d.	£	s.	d.
1846—1855....	29,191	7	10	2,919	2	10
1856—1860....	26,138	14	11	5,227	15	0
1861—1865....	41,674	9	9	8,334	18	0

The Renewal Premiums received during the last five years amounted to £208,046 16s. 2d. The Claims paid during the same period amounted to £95,307, less £8,686 13s. received under Re-Assurances with other Companies.

Since the foundation of the Society 2,572 Policies have been issued, assuring £2,805,073 10s. 10d., and £1,675 per annum Contingent Annuities, at annual Premiums amounting to £82,404 9s. 7d.; and of these 905, assuring £1,129,796 14s., and £200 per annum Contingent Annuities, were issued during the quinquennial period under review.

The Policies which have become void are 922, for £881,725 10s. 2d., and £700 per annum Contingent Annuities, classed as follows:—

Number of Policies.	Classes.	Sum Assured.			Contingent Annuities.
		£	s.	d.	
175	Claims by Death.....	179,473	5	2	£130 per annum
200	Surrendered Policies.....	252,849	17	0	—
428	Lapsed by Non-payment of Premium.....	348,923	9	0	£570 per annum
119	Void by Expiration of Term.....	100,478	19	0	—
Total 922	Total.....	881,725	10	2	£700 per annum

The Assurances remaining in force on 31st December last, were therefore 1,650 Policies, assuring **£1,923,348 0s. 8d.**, and £975 per annum Contingent Annuities, the annual Premiums on which are £57,462 1s. 2d. The existing Bonuses declared at former divisions of Profits, amounting to £60,713 10s., must be added to the above sums assured, making a total of **£1,984,061 10s. 8d.**

The following is a classified Statement of the existing Assurances:—

CLASS.	Number of Policies.	Sum Assured.			Bonus.			Annual Premiums.		
		£	s.	d.	£	s.	d.	£	s.	d.
Life—With Profits	1,157	1,160,123	15	8	58,217	10	0	37,770	2	11
Life—Without Profits	292	363,513	0	0	..	..	..	12,712	1	6
Assurances for Terms of Years	26	29,185	0	0	..	..	..	620	9	5
On Death of last Survivor	20	51,280	0	0	740	0	0	1,006	9	0
Joint Lives	16	9,250	0	0	..	..	..	507	10	10
Descending Scale of Premiums	3	4,000	0	0	..	..	..	166	4	1
Ascending ditto	19	35,450	0	0	286	0	0	982	14	2
Endowments for Children	2	600	0	0	..	..	..	3	10	0
Assurances against Issue	51	177,516	5	0	..	..	..	..	..	..
Limited number of Premiums	9	14,000	0	0	1,042	0	0	947	13	6
Endowment Assurances	8	5,230	0	0	..	..	..	354	8	11
Contingent Assurances	35	62,500	0	0	..	..	..	1,250	7	5
Commuted Premiums	4	10,700	0	0	428	0	0	272	19	10
Contingent Annuities (£975 per ann.)	8	..	..	..	..	..	..	268	8	0
Foreign Residence .....	..	..	..	..	..	..	..	599	1	7
	1,650	1,923,348	0	8	60,713	10	0	57,462	1	2

From the foregoing statements, it will be seen that not less than two-thirds of the Assurances granted by the Society are still in force, and also that the Claims by Death have not reached 7 per cent. on the total amount assured.

The Assets and Liabilities of the Society have been carefully valued, and the principles adopted on former occasions have been followed.

The Directors have thought it prudent to write off £500 from the value of the Society's House, reducing this item in the Balance Sheet to £5,300. The realised Assets of the Society on the 31st of December, 1865, amounted to £390,582 11s. 5d., and at that date were invested to pay £4 13s. 7d. per cent. (excluding the Society's House.) The Renewal Premiums due and the current interest have been added, making, as will be seen by reference to the annexed Balance Sheet, an aggregate total of £396,458 5s. 8d.

The Assurance liabilities have been valued according to the tables founded on the experience of the Equitable Society, with interest at the rate of £3 per cent., and additional precautions have been taken to meet the contingency of a higher rate of mortality than has hitherto been experienced. After deducting Re-Assurances with other offices for £190,900, the net value of the Liabilities under Policies amounts to £226,425 12s.; and the value of the Annuities payable is £7,767 14s. The Balance Sheet includes also a reserve of £12,401 9s. for claims admitted, and after debiting every other liability the available Balance or amount of Profit now divisible is £73,358 11s. 11d. On the last quinquennial division the amount of the divisible Profit was £42,785 5s. 10d.

In accordance with the provisions of the Deed of Settlement, one-fifth of this profit, equal on this occasion to £14,671 14s. 5d., will be added to the Proprietors' Fund, by which the amount will be increased from £75,560 4s. 9d. to £90,231 19s. 2d. This addition is equivalent to 15s. 10d. per Share, and the amount paid up in respect of each Share will be £4 17s. 8d.

The Annual Dividend, which is paid from the interest of the Proprietors' Fund, will be 4s. 6d. per Share, as compared with 3s. 8d. during

the past five years, and is at the rate of $11\frac{1}{4}$ per cent. on the original paid-up Capital.

The remaining four-fifths of the divisible surplus, being £58,686 17s. 6d., will be appropriated to those Policies of the Assured which are entitled to participate in the present Bonus. This sum has been, according to the constitution of the Society, converted into equivalent Reversionary Bonuses, which will be added to the sums assured and payable therewith, or, at the option of the Policy-holders, may be commuted either for an equivalent present payment in cash, or for a reduction of the future Annual Premiums. The Policies entitled to participate on this occasion are for £970,749, and the Bonuses amount to about £97,000; equivalent, on the average, to 60 per cent. on the Premiums paid, or to rather more than £2 per cent. per annum on the sums assured.

The corresponding amounts at the last Division of Profits were Reversionary Bonuses for £53,547 on Participating Policies assuring £590,768.

We also learn from the Chairman's address that the addition to the shares in the year 1855—£2 having been the original payment upon them—was, in the shape of interest, £1 6s. 2d., no dividends having been paid in the first ten years, and 6s. 4d. from the profits of the assurance fund. In 1860, at the end of the next five years there was an addition of 9s. 4d.; and in 1865 of 15s. 10d.; so that each share now represents £4 17s. 8d., of which £2 only was originally paid.

Specimens of Bonuses on Society's Policies to 31st September, 1865.

Date of Policy.	Age when Assured.	Sum Assured.	Former Bonus Additions.	Reversionary Bonus in respect of last 5 years.	Total Bonus Additions to 31st Dec., 1865.	Amount of Premiums paid in last 5 years.	Per Centage of present Bonus on Premiums paid.
1846	24	£ 1,000	£ 236	£ 94	£ 330	£ 111	85
„	45	1,000	287	118	405	191	62
1851	26	1,000	162	94	256	116	81
„	57	1,000	248	158	406	300	53
1856	30	1,000	89	96	185	126	76
„	54	1,000	117	131	248	264	49
1861	25	1,000	..	88	88	110	80
„	65	1,000	..	177	177	446	40

N.B.—The above Reversionary Bonuses slightly exceed, on the average, 2 per cent. per annum on the Sum Assured.

BALANCE-SHEET,

31st December, 1865.

LIABILITIES.

	£	s.	d.
To Proprietors' Fund	75,560	4	9
„ Dividends unclaimed	327	11	8
„ Claims admitted (less Re-Assurances)	12,401	9	0
„ Annuities due	117	2	4
„ Value of Liabilities under Policies (less Re-Assurances)	226,425	12	0
„ Value of Life Annuities granted	7,767	14	0
„ Sundry outstanding Accounts, say	500	0	0
„ Balance, being the amount of divisible surplus	73,358	11	11
	<u>£396,458</u>	<u>5</u>	<u>8</u>

ASSETS.

	£	s.	d.
By Government Stock (£34,190. 16s. 3d.)	31,456	14	10
„ Mortgages	258,405	4	6
„ Railway Debentures	50,500	0	0
„ Life Interests	18,166	0	8
„ Reversions purchased	13,608	9	7
„ Society's House	5,300	0	0
„ Balance at Union Bank—			
Deposit Account	8,000	0	0
Drawing Account	5,012	3	4
„ Do. at Bank of England	100	0	0
„ Do. in hand	33	18	6
„ Premiums due 31st December, 1865, and in course of payment	3,871	0	10
„ Interest due 31st December, 1865, and in course of payment	2,004	13	5
	<u>£396,458</u>	<u>5</u>	<u>8</u>

ROCK LIFE ASSURANCE COMPANY.*

Established 1806.

REPORT OF THE DIRECTORS.

The value of the Assets of the Assurance Fund is	£2,068,339	17	3
The total value of outstanding Liabilities	1,530,264	14	1
Leaving a Surplus Profit for the last Seven Years of	<u>£538,075</u>	<u>3</u>	<u>2</u>

Out of which they recommend the appropriation of £532,031 15s. 9d. as a Bonus; one-third, viz., £177,343 18s. 7d. to be added to the Subscription Capital Stock, and two-thirds, £354,687 17s. 2d. to be distributed amongst the Policies, which will yield 11s. 8d. per Cent. per Annum to each Policy (in addition to any previous Bonus thereon) for the number of years it has existed, up to the year 1861 inclusive, commencing from the 31st of December of the year following the date of the Policy, leaving a reserve of £6,043 7s. 5d.

The Directors also have to announce their intention (if the addition of £177,343 18s. 7d. be made to the Subscription Capital Stock), in pursuance of the power given to them by a Resolution passed by the Court of Proprietors on the 26th of August, 1840, of declaring a Bonus of Two Shillings and Sixpence per Share per Annum, to be paid with the Half-yearly Dividend in October, free of Income Tax, to commence in October next; and in conformity with a desire expressed by the Proprietors, the Dividends will in future be paid on the same days as those on the Government Funds are payable to the public in April and October.

	POLICIES.	SUMS ASSURED.	PREMIUMS.
The New Policies issued for the Seven Years ending the 19th ultimo were	1410	£1,510,160 15 0	£57,839 18 5
For the preceding Seven Years ending 19th August, 1854	1429	1,666,587 15 0	66,905 15 0
And for the Seven Years ending 19th August, 1847	638	636,025 0 0	24,301 7 6

* This report has been standing in type for a considerable time; but its insertion in this *Journal* has been delayed by the press of other matter.—ED. J. I. A.

THE CLAIMS PAID IN THE SEVEN YEARS.

SUMS ASSURED.

1840 to 1846 inclusive were	£714,015 0 0	{ with the Bonus additions paid and redeemed thereon and on current Policies. }		£380,260 12 11
1847 to 1853 inclusive were	808,955 0 0	ditto	ditto	389,439 13 6
1854 to 1860 inclusive were	923,459 18 0	ditto	ditto	451,892 11 1

These Bonus additions include £164,415 6s. 1d. redeemed on current Policies.

The above statement shows that the claims do not reach their maximum till an Office has been established at least fifty years, and also that the Bonus paid and redeemed on Claims was 43 per cent., whilst if the amount of Bonus redeemed on current Policies were added, it would show that the entire amount of Bonus paid and redeemed was equal to 50 per cent.

The total claims paid from the commencement of the Office to the 19th ultimo amounted to £5,442,241 10s. 10d., including therein Bonus additions of above a Million and a half.

The number of Policies now in existence is 3,333, the Amount Assured being £3,888,908 12s., and the Yearly Premiums for same £131,873 9s. 5d., the average duration of which at the present period is fifteen years and three quarters.

The Directors have much pleasure in announcing to the Proprietors the fact that no loss has ever been sustained by any investment since the commencement of the Company.

State of the Accounts of the Assurance Fund of the Rock Life Assurance Company on the 20th August, 1861.

Dr.

	£	s.	d.
To the present Value of £8,532 outstanding of the Appropriations made the 20th August, 1819, in respect of 125 Policies, the amount assured thereby being £132,840	7,147	11	0
To the present Value of £19,578 10s. outstanding of the Appropriations made the 20th August, 1826, in respect of 327 Policies, the amount assured thereby being £430,810	15,958	0	3
To the present Value of £73,322 19s. 9d. outstanding of the Appropriations made the 20th August, 1833, in respect of 604 Policies, the amount assured thereby being £818,310	58,274	11	11
To the present Value of £86,988 11s. 3d. outstanding of the Appropriations made the 20th August, 1840, in respect of 976 Policies, the amount assured thereby being £1,235,235	67,613	10	6
To the present Value of 140,105 11s. 2d. outstanding of the Appropriations made the 20th August, 1847, in respect of 1,332 Policies, the amount assured thereby being £1,658,935	106,174	11	7
To the present Value of £231,043 10s. 2d. outstanding of the Appropriations made the 20th August, 1854, in respect of 2,030 Policies, the amount assured thereby being £2,495,789 15s.	171,193	4	11
Carried forward			

	£	s.	d.
Brought forward			
To the present Value of all the Assurances now existing; viz., 3,333 Policies for £3,888,908 12s. Assured Value £1,057,330 14 7 7 Annuities; viz., 4 Immediate of £180, and 3 Contingent of £762 „ 3,543 13 2	1,060,874	7	9
To the Amount of Outstanding Claims; viz., 30 Policies for £31,749 Assured, and £11,279 16s. 2d. Bonus	43,028	16	2
	1,530,264	14	1
To Balance forming the Amount of Surplus Profits, out of which a Bonus may be declared, after deducting £5,000 at least .	538,075	3	2
	£2,068,339	17	3

Cr.

	£	s.	d.
By Value of £3,725 2 0 per Annum Government Annuity, 1880	52,585	0	0
By „ 5,801 19 6 „ Government Annuities on Lives .	40,138	0	0
By „ 200,000 0 0 Canada 4 per Cent. Debentures . £205,240 0 0 Less Temporary Loan thereon . . . 40,000 0 0	165,240	0	0
By „ 30,000 0 0 Canadian Consolidated 5 per Cent. Loan	30,000	0	0
By „ 65,000 0 0 British Guiana 4 per Cent. Loan .	68,565	0	0
By „ 8,824 8 0 per Annum Terminable Annuities	175,071	19	4
By „ Railway and other Debentures and Guaranteed Railway Stock	699,511	6	11
By Advances on Mortgage and Interest thereon	642,459	9	0
By „ on Policies and Interest thereon	59,037	4	5
By 11,093 Shares of this Company, valued at	94,290	0	0
By Lease of the Company's House, valued at	8,883	0	0
By Amount of Premiums due prior to 20th August, not yet received	2,937	2	11
By Amount due on Policies effected to Assure Bonus of 1861 .	2,168	0	5
By Balances due from Agents	2,245	11	5
By Cash at Bankers	25,103	13	5
By Petty Cash and Stamps on hand	104	9	5
	£2,068,339	17	3

Amount of Bonus recommended by the Directors.

£532,031 : 15 : 9

One-third to be added to the Subscription Capital Stock.	Two-thirds to be distributed amongst the Policies: Amount.	At what rate to each Policy.	Reserve.
£177,343 : 18 : 7	£354,687 : 17 : 2	11s. 8d. per Cent. per Annum	£6,043 : 7 : 5
for the number of years the Policy has existed, up to the year 1861 inclusive, com- mencing from the 31st of December fol- lowing the year of the date of the Policy, being an addition to the Bonus previously appropriated.			

THE SCOTTISH PROVIDENT INSTITUTION.

Instituted 1837.

THIRD SEPTENNIAL INVESTIGATION WITH DIVISION OF PROFITS.

Up to the close of the year 1866, there had been issued in all 16,339 Policies, assuring £7,525,372 : 13s. The Policies in force at the close of the year were 12,346 in number, while the Capital Sums remaining assured amounted to £5,582,322 : 11s., with £149,209 : 11 : 6 of yearly Premiums. The Premiums of all kinds received in the year (after deducting those paid for reassurances), amounted to £152,320 : 2 : 8. The total Receipts of the year, including interest, were £205,357 : 10 : 11.

The Realised Fund, arising entirely from the accumulated Premiums of the members, was, at 31st December, £1,245,372, 16s. 3d. The increase in the Fund in the course of the year was thus £111,901 : 13 : 8.

THE PROGRESS of the INSTITUTION in each of the four Septennial Periods is shown in the following TABLE:—

	No. of New Policies issued.	Assuring.	Accumulated Fund at end of Period.
In <i>First</i> Period—			
To 31st Decem. 1845—(8 years)	2136	£942,899	£69,009
In <i>Second</i> Period—			
To 31st December 1852 . . .	3762	1,628,429	254,675
In <i>Third</i> Period—			
To 31st December 1859 . . .	4357	2,018,972	633,514
In <i>Fourth</i> Period—			
To 31st December 1866 . . .	6084	2,935,073	1,245,372

In tracing out the sources of this satisfactory progress of the Fund, the most important inquiries are those which relate to the Mortality among the Members, and the rate of Interest which has been secured on the Investments.

The average rate of Interest has been somewhat less than $4\frac{1}{2}$ per cent, having been under that rate in the earlier, and above it in the later, years of the septennial period. The present rate is considerably higher, and, looking to the numerous openings which are now available for the employment of money, the past rate is likely to be at least maintained. The Directors have long been of opinion that it would be a desirable arrangement, both for borrower and lender, that a fair rate of Interest should be fixed for a term of years, in place of the system now followed in Scotland, by which the rate is liable to fluctuate with each half-yearly term; and they are prepared to entertain proposals on this footing.

In regard to Mortality, the Claims which have emerged since the commencement of the Society in 1837 amount, including Bonus Additions, to £806,952 : 5s. These have resulted from the deaths of 1437 members. A minute analysis has been made by Mr. Meikle, the Actuary of the Institution, from which it appears that this number is just 75 per cent of what might have been expected according to the estimate in the office tables, and 85 per cent of what would have occurred according to the Carlisle Table of Mortality. In the last seven years the number of deaths has been 720—the ratio for that period being 73 per cent of the office expectation, or rather less than it has been over the whole period.

THE Directors have now to report the arrangements in connection with the third Septennial Investigation.

Every item in the Balance-Sheet has been carefully considered, and such of the investments as were not of a fixed character have been valued.

ABSTRACT STATEMENT OF THE REALISED FUND.

Loans on Heritable Securities and Mortgages.	£801,826	6	3
Loans on security of Trust-Funds	26,470	0	0
Loans on assignment of Rates, of Preference Stocks, etc.	76,053	6	4
Loans on personal securities with Policies of Assurance	29,771	10	9
Loans to Members on their Policies—within the Surrender Value	97,569	0	10
Value of Advances on Reversions	16,678	2	3
First-class Debentures, and Guaranteed and Preference Stock	53,787	10	0
Value of business premises in Edinburgh, London, Glasgow, and Dublin, and property held in connection therewith .	56,381	3	10
Office-furniture, stamps, and cash in hand .	1,873	8	8
Current Premiums (mostly due in the month) and Interest on loans, etc., to 31st Dec. .	34,824	0	7
Balances in Bank—			
National Bank of Scotland—on deposit and current account	£28,211	13	6
Union Bank of London	7,500	0	0
		35,711	13 6
Sum .	£1,280,946	3	0

It will be observed that the great proportion of the investments consists of loans on heritable mortgages (all of them within the United Kingdom), or other securities not liable to the disturbing fluctuations which attend investments in the public funds or other stocks. In stating the value to be set on their property in Edinburgh and at the chief Branches, the Committee have made a considerable abatement from the cost price, at which it stood in the books; although, besides providing ample accommodation for the business, it produces a rental which yielded a return of above 3 per cent on that original price; and they have excluded from the fund a sum which had accrued as profit on a reversionary transaction—a question having arisen in regard to the succession on which the security depends. It may be noted, however, that there cannot in any event be a loss on the transaction—the Office having been already fully re-imbursed for its advances.

BEFORE proceeding to give the details of the Investigation, a few words may be said in regard to the Valuations.

The principle which was adopted in fixing the rates of the Office Premiums, and which has been followed in the subsequent computations of this Society, was—that the estimates both of Mortality and Interest should as nearly as possible agree with what was really to be expected in the

future—leaning in both cases to the side of safety. When the Institution was commenced, the Northampton Table of Mortality, with Interest at 4 per cent, was that mostly in use among Actuaries for the calculations of Assurance Offices. That Table, it has long been known, shows too high a rate of mortality, and in its place is now very generally substituted a Table, founded on the Carlisle Observations of Mortality, which is understood to measure pretty accurately the expectation of a select class of lives, with Interest at the rate of 3 or $3\frac{1}{2}$ per cent. The adoption of the former rate must be due to the necessity of providing for the future continuance of the Bonus Additions which Members paying a high rate of Premium have a right to expect. The Surplus to yield these, formerly derived from the excessive estimate of Mortality, is now to be drawn from an opposite excess in the estimate of Interest. The arrangement may be a proper one in some circumstances, but it is not suitable to the case of an office which, like this, is opposed to the charge of excessive rates for the purpose of creating Surplus for after-division. And, in accordance with this view, when valuing for their non-participating class of Assurances, offices are found using the same Carlisle Table in combination with a higher rate of Interest. The Table used in valuing the Policies of this Society is one deduced from the Office Premiums. These, as was fully explained in the Report of the first Investigation, were based chiefly upon the Government Table of observations for males, with a general addition of ten per cent for expenses and casualties, but with a further graduated addition, increasing from middle age upwards, to correct what appeared to be defects in its estimate of the mortality at the more advanced ages. The Table thus constructed has been found to agree very closely with the Table since framed by the Registrar-General from his observations of the mortality of the general population. It shows a considerably higher rate of Mortality than the Carlisle Table, and it is therefore so far a safer guide—producing a lower estimate of Surplus. The Directors have, on this as on former occasions, tested the results brought out according to this Table, by calculations based upon a Carlisle $3\frac{1}{2}$ per cent Table, with the effect of confirming their confidence in the Office Valuations.

“STATE OF THE AFFAIRS OF THE INSTITUTION,

AS AT 31ST DECEMBER 1866.

ASSETS.

1. Realised Fund—Amount as in separate State	£1,230,946	3	0
2. Value of future net Premiums receivable	1,526,947	1	9
Sum	<u>£2,757,893</u>	<u>4</u>	<u>9</u>

LIABILITIES.

1. Claims under Policies emerged, but not yet paid, and other Sums outstanding	£49,174	17	7
2. Present Value of Annuities payable	43,023	18	4
3. Present Value of Sums Assured under the Society's Policies, including Bonus Additions	2,484,149	16	5
Sum	<u>£2,576,348</u>	<u>12</u>	<u>4</u>

ABSTRACT.

The Assets being, as above	£2,757,893	4	9
And the Liabilities	2,576,348	12	4
<hr/>			
There remains a SURPLUS of	£181,544	12	5
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“By the existing Laws it is provided that the ‘Surplus, under deduction of such proportion as the Directors shall consider necessary and proper in the circumstances to be retained as a guarantee, shall be made available to the members entitled thereto.’ Up to the last General Meeting the Laws provided that the reserve to be so retained should be ‘not less than one-fourth nor more than one-third.’ Though a larger discretion is now entrusted to the Directors, the Committee think it right at this Septennial Period to adhere to the rule followed on previous occasions; and they therefore recommend that one-third of the above Surplus, or £60,514 : 17 : 5, be retained to accumulate for division at a future Investigation; and that the remaining two-thirds, or £121,029 : 15s., be now apportioned in terms of articles 29 and 30 of the Laws.

“The Committee find from the states, that the number of Policies now entitled to participate, either immediately or prospectively in the course of the next seven years, is 2492, among which accordingly the above sum of £121,029 : 15s. falls to be divided. In the distribution of this Surplus they have, in accordance with the Laws, allotted shares to members who participate for the first time, in proportion to the absolute value of their Policies; and to those who had previously participated, in proportion to the increase in the value of their Policies (including the previous additions) since the date of the last Investigation.

“The Surplus is divisible not by the usual system of an equal percentage on each £100 assured, without reference to the age of the members or the duration of their Policies, but in proportion to the values of the Policies respectively; hence the rate of addition necessarily varies in each case. As the circumstances which affect the values of the Policies—such as the member’s age, the scale of premium, and the number of years the Policy has endured—are so various, it is not possible to quote individual cases which might be assumed as normal examples. The Committee will only state generally that Policies now participating for the first time receive additions varying from 16 or 18 to about 30 per cent, while the additions to Policies which have already participated, range from 10 or 12 to about 20 per cent.* It will be observed that the number of Policies participating is much larger at this than at the previous Investigation, yet the rate of addition to each is not materially affected.

* In a few exceptional cases, owing to the circumstances which determined the value, the additions were smaller.

It may be stated, as interesting to the Members, that Policies which share at both the present and last Investigations have received additions varying from 30 to 45 per cent on the sums assured; and those which have shared at all the three Investigations have received additions in all of 40, 60, and even so much as above 80 per cent.